



March 24, 2005

Natural Resources, Great Lakes, Land Use, and Environment Committee
Lansing, Michigan

Re: House Bill 4257, Agricultural Districts

Dear Members,

The Michigan Environmental Council supports the intention of Rep. Walker's Agricultural Districts legislation to ease pressure on our farmers and protect Michigan's valuable and threatened farmland. However, we have concerns that the approach being taken is not wholly consistent with the intent of the Michigan Land Use Leadership Council and the cost of the program, if not integrated with other existing and related programs, would outweigh its potential benefits. Therefore, the Michigan Environmental Council opposes the current proposed HB 4257.

The Michigan Land Use Leadership Council's recommendations related to farmland protection emphasized the need to support Michigan's unique and highly valuable agricultural economy by protecting farmland from unplanned, sprawling land use patterns and provide support to more value-added and agricultural processing programs (see Michigan Land Use Leadership Council Final Report Chapter 5, #3, 4 and 5: www.michiganlanduse.org) We are strongly in support of such initiatives, including :

- Chapter 5, #3. Agricultural Production Areas (APAs). To maintain Michigan's various agricultural industries for the foreseeable future, the legislature should modify and enhance P.A. 116 to permit local units of government cooperatively and voluntarily to identify and establish APAs. Consideration should be given to a) Minimum life cycle for APAs; b) Size sustainability relevant to type of agricultural activity (e.g., livestock, soybeans, fruit, etc.) and c) Meaningful recapture provision upon withdrawal, proceeds from which should be dedicated to farmland preservation initiatives. Additionally, recommendations include enhanced eligibility for PDR funding (revising P.A. 262 of 2000).
- Chapter 5, #5. Viable value-added agriculture. The ability to add value to Michigan agricultural commodities and agricultural land will continue to be key in keeping farmers profitable and farming sustainable. The state should continue to support existing incentive-driven, value-added programs that protect the environment, increase the profitability of farmers, and thus preserve farmland.



However, MEC is concerned because the current legislation introduced to create Agricultural Districts (HB 4257 of 2005, formerly HB 5030 of 2004) is very costly to the state, and for the price, would not provide the kind of "security" of farmland and farm economies that believe was intended by the MLULC.

Legislative services have estimated that the proposed HB 4257 would reduce State General Fund revenue by between \$31.9 million and \$95.1 million, depending on how widely the program is used. The impacts this would have on current farmland protection programs, let alone the state and local budgets, has not been fully examined.

Before passing HB 4257, the legislature should ensure that it is achieving permanent preservation of critical farmland through PDR or more meaningful recapture fees, and it should examine other tools proposed or in place, to ensure that this proposal does not recreate or interfere with popular programs already available. The legislature should assess what more could be done to support existing programs, such as PA 116 and the state's highly popular Purchase of Development Rights program, demand for which far outstrips existing funding.

Similarly, other initiatives and tools have been tried and their results need to be examined. This includes an amendment to the original Renaissance Zone program that created Agricultural Processing Renaissance Zones (APRZ) in 2000. These new APRZs are exempt from all state and local taxes just like the original Renaissance Zones for qualified agriculture processors who want to expand or begin operations in Michigan. The authorization of new APRZ zones has ended.

What we believe is needed before passage of HB 4257 or similar changes to the farmland protection program is a comprehensive review of current tools intended to support value-added agriculture, reduce pressure on farmland, and permanently protect critical farmland areas, such as the fruit belt and cherry ridge.

We recommend taking this opportunity to develop a comprehensive Rural Legacy and Farm Viability program that identifies blocks of critical farmland for protection, includes a comprehensive review of tax structures and current and pending farmland protection initiatives, and packages these programs into a single comprehensive resource that fulfills the recommendations established by the Michigan Land Use Leadership Council

The motivation to protect and preserve Michigan's agricultural economy and heritage is a noble one, and it is critical that Michigan leaders continue to push forward with initiatives to stabilize taxation on farmland, support rural economies and provide more tools to make farming profitable. However, without a clear understanding of current programs and their successes and failures, it is premature to advance the well-intentioned HB 4752.

Sincerely,



James Clift
Policy Director